



Review Checklist Update

For Reviewers of Owner Submitted and HUD Procured
Rent Comparability Studies - July 9, 2014

Source Information

- **Section 8 Renewal Policy Guide**
- **Preparation Sections 9-7/15**
- **Review Sections 9-17/20**
- **Website location**
- **http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/mfhsec8**

Summary of Training

- **Discussion of new Initial and Substantive Checklists**
- **Highlight shortcomings**
- **No new policies in this presentation**

Checklist

- Excel format
- Cover sheet
- Initial Screening
- Detailed Compliance Review
- Rent Grid Analysis
- Issues Memo
- Certification

Review Checklist <small>(1-27-14)</small>	
Part - I	Initial Review
Purpose: Evaluates completeness and timeliness as per section 9-14, 9-16 and 9-19	
Part - II:	Substantive Review
Purpose: Evaluates compliance with sections 9-7 through 9-15. Comprised of two parts (a) Detailed Screening and (b) Rent Grid Analysis	
Part - II b:	Issues / Follow up from Substantive Review
Purpose: Provides a standardized template for documenting issues that require follow up with RCS Appraiser	
Part - III:	Certification from Substantive Reviewer
Purpose: Provides a confirmation and certification from Substantive Reviewer regarding RCS's compliance with HUD's guidance. Also, contains documentation of PBCA approval of RCS.	

Part I Initial Review

Reviewer Data

- Project name
- HUD Section 8 contract number
- Receipt date in office*
- Contract expiration date
- PBCA/TCA name

PART I: INITIAL REVIEW
Initial Screening for Completeness & Timeliness

PROPERTY NAME: XXXXXXXXXXXXXXXX	Fill with Data Requested or Yes / No / N/A	Red Flags (Self-Reported)
A. Reviewer Data		
1) Project Name		
2) Contract Number		
3) Date RCS Received		
4) Contract Expiration Date		
5) Name of PBCA/TCA		
6) Name of RCS Approver		
7) Name of Reviewer performing Initial Review		
8) Name of Reviewer performing Substantive Review		
B. RCS Documentation Compliance Check		
9) Signed and dated Owner's Cover Letter as per Section 9-10		
10) Signed and dated Approver's Certification		
11) Signed and dated Approver's Transmittal Letter		
12) RCS submitted and conforms to the cover presented in Section 9-14 ¹		
13) Any all of the items in Section 9-14 of the Guide included?		
14) Any all of the items in Section 9-15 of the Guide included?		
15) Is market area identified by locator maps?		
16) Was the selection of comparables explained?		
17) Is a Rent Grid indicated for at least every primary Section 8 unit type?		
18) Did the approver explain how market rent was derived for any secondary unit types?		
19) Did the approver explain the adjustments in each Rent Grid?		
20) Did the approver explain how market rent was derived from adjusted rents?		
C. Timeliness Compliance Check		
21) Date of RCS Approver's Transmittal Letter		
22) Did the approver sign the certification/ fill in the blocks/ enter license information?		
23) Is the date on the RCS approver's cover letter within 90 calendar days of the date the owner submitted the study?		
24) Did the approver update the date in the RCS within 90 calendar days prior to file report?		
25) Date of RCS		
26) Date of RCS collection of data (generally provided in Scope of Work)		
27) Date of Owner's submission to HUD (should be the date of the Owner's Letter)		

¹ Section 9-14 requires the following contents, submitted in the following order: (1) Approver's Transmittal Letter, (2) Scope of Work, (3) Description of Subject Property (with owner photos, an identification of the subject Market Area, (4) Description of Neighborhood, (5) Narrative Describing Selection of Comparables, (6) Location Map, (7) Rent Grid and Comparables, (8) Rent Comparison by Grid for Each Primary Unit, (9) Narrative Explaining Adjustments and Market Rent Calculations (one set of explanations for each Rent Grid), (10) Comparative Property Photos (including photos), (11) Approver's Certification, (12) Copy of Approver's License if applying under a temporary license.)

☐ Rent Comparability Study is INCOMPLETE. Date of review follow-up: _____

☐ Rent Comparability Study MET MINIMUM Requirements for Initial Review.

I certify that the RCS contents are complete and is submitted in a timely manner as per HUD's requirements.

Print Name: _____ Signature: _____

Date: _____

Next Steps:
RCS sent to XXXXXXXXXX for Substantive Review on XXXXXXXXXX

Reviewer data

- **Initial reviewer name**
- **Substantive reviewer name (may not know)**
- **Owner cover letter***
- **Appraisers Certification**
- **Appraiser's transmittal**
- **Documents in order per Section 9-14***

RCS Document Compliance Check

- **Are all items in Section 9-14 included?**
- **Are all items in Section 9-16 included?**
- **Is market area map included?**
- **Was comp selection explained?**

Document Review (cont'd)

- **Rent Grid primary Section 8 unit type**
- **Explanation of how market rents derived for secondary unit types**
- **Explanation of Rent Grid adjustments**
- **Explanation how market rents derived from adjusted rents**

Timeline compliance check

- **Date of appraisers transmittal**
- **Did appraiser complete certification**
- **Is date within 90 days***
- **Did appraiser update the information**
- **Date of the RCS**
- **Date of RCS collection of data**
- **Date of owner's submission**

Conclusions

- Check incomplete or
- Met Minimum requirements
- Date of follow up with appraiser
- Reviewer certification

PART I: INITIAL REVIEW		
Initial Screening for Completeness & Timeliness		
PROPERTY NAME: XXXXXXXXXXXXXXX	Fill with Data Requested or Yes / No / N/A	Red Flags (Self-Reported)
A. Reviewer Data		
1) Project Name		
2) Contract Number		
3) Date RCS Received		
4) Contract Expiration Date		
5) Name of FISCATCA		
6) Name of RCS Appraiser		
7) Name of Reviewer performing Initial Review		
8) Name of Reviewer performing Substantive Review		
B. RCS Documentation Compliance Check		
9) Signed and dated Owner's Cover Letter as per Section 9-10		
10) Signed and dated Appraiser's Certification		
11) Signed and dated Appraiser's Transmittal Letter		
12) RCS submitted and contents in the cover presented in Section 9-14?		
13) Are all of the items in Section 9-14 of the Guide included?		
14) Are all of the items in Section 9-15 of the Guide included?		
15) Is market area identified by locator map?		
16) Were the selection of comparables explained?		
17) Is a Rent GAD included for at least every primary Section 8 unit type?		
18) Did the appraiser explain how market rent was derived for any secondary unit types?		
19) Did the appraiser explain the adjustments in each Rent GAD?		
20) Did the appraiser explain how market rent was derived from adjusted rents?		
C. Timeline Compliance Check		
21) Date of RCS Appraiser's Transmittal Letter		
22) Did the appraiser sign the certification/RE in the blank/enter license information?		
23) Is the date on the RCS appraiser's cover letter within 90 calendar days of the date the owner submitted the study?		
24) Did the appraiser update the date in the RCS within 90 calendar days prior to his report?		
25) Date of RCS		
26) Date of RCS submission of data (generally provided in Scope of Work)		
27) Date of Owner's submission to HUD (should be the date of the Owner's Letter)		
<p><input type="checkbox"/> Rent Comparability Study is INCOMPLETE. Date of review follow-up: _____</p> <p><input type="checkbox"/> Rent Comparability Study MET MINIMUM Requirements for Initial Review.</p> <p>I certify that the RCS contents are complete and is submitted in a timely manner as per HUD's requirements.</p> <p>Print Name: _____ Signature: _____</p> <p>Date: _____</p> <p>Next Steps: RCS sent to XXXXXXXXXXXXXXX for Substantive Review on XXXXXXXXXXXXXXX</p>		

“Part II” Substantive Review

- **39 Questions**
- **Section of Guide citation**
- **Designed to ease review of RCS**

Scope of Work

- Five questions
- Dates, numbers and types of inspections
- Inspections of comps
- Information on interviews
- Data not obtainable
- Help from assistants

PART II: SUBSTANTIVE REVIEW
Detailed Compliance Review

Property Name: XXXXXXXXXXXXXXX		Yrs. No. NA	Comments
A. Scope of Work			
1) (Section 9-10)	Scope provides dates, number and types of inspections and how unit sites were verified by the Appraiser?		
2) (Section 9-10)	Scope provides types of inspections on the comparables (How the info on work, condition and security data were collected and verified)?		
3) (Section 9-10)	Scope provides information on interviews conducted. Records reviewed, relevant data used, etc.?		
4) (Section 9-10)	Scope notes details on any data that was unreliable or inadequate, and all efforts to obtain that data?		
5) (Section 9-10)	Scope provides type of assistance received from student Appraisers, if applicable?		
B. Description of Subject Property			
6) (Section 9-10)	Does the description state "Site characteristics" and "improvements" such as # of buildings, structure, acreage?		
7) (Section 9-10)	Is the Unit size of all units in the Project provided?		
8) (Section 9-10)	Does the description provide information on "Condition" of the subject property (age, state of repair)?		
9) (Section 9-10)	Is the property designed for the study/valuation? If Yes, then ensure that comparable number are correct, and that the Appraiser has reviewed any notes (if not used, comparable information should be noted, if the subject is designed for distribution, then ensure that the premises provide are correct and noted appropriately in the report and notes).		
10) (Section 9-10)	Does the description state what utilities are included in the cost? (Water, what utilities are noted, if applicable)		
11) (Section 9-10)	Does the description provide a summary paragraph of unit design and amenities?		
12) (Section 9-10)	Does the description provide a summary paragraph of project overall site amenities? (e.g., parking, recreational facilities, sports fields, etc., security, similar amenities, neighborhood amenities, transportation, mass transit, nearby educational facilities, proximity of shopping, density of housing, and any other amenities for safety or quality, including non-chapter amenities)		
13) (Section 9-10)	Does the RCI include a minimum of 8 labeled photos of exterior and interior of the subject property?		
14) (Section 9-10)	Does the description state the "Name" and "Phone number" of contact person at the subject property?		
C. Identification of the Subject's Market Area			
15) (Section 9-10)	Appraiser identifies the geographic area for target market (should be in writing and to record a paragraph under paragraph 15)?		
16) (Section 9-10)	Is the Appraiser's definition of the market appropriately described in detail and a sufficient amount of text to record a paragraph?		

Description of Subject

- **Nine Questions**
- **Site characteristics and improvements**
- **Unit Mix**
- **Condition**
- **Designation for Elderly/handicapped**
- **Utilities included in rent**

Description of Subject

- **Paragraph of unit design and amenities***
- **Paragraph of project services and amenities**
- **Five labeled photos of exterior and interior**
- **Contact information**

Subject Market Area

- **Identification of geographic area**
- **Is definition appropriately described and justified**

Neighborhood

- Demographics, accessibility, property uses,
- Employment drivers, social outlets and civil uses*
- Accessibility
- Nuisances*

PART II: SUBSTANTIVE REVIEW			
Detailed Compliance Review			
Property Name: XXXXXXXXXXXXXXX		Yes, No, N/A	Comments
D. Description of Neighborhood			
17) (Section 4.4)	Appraiser provides demographics, socioeconomic, property uses, employment drivers, social outlets, and civil uses in the neighborhood?		
18) (Section 4.4)	Info on Accessibility included? (eg. transit, recreation, transportation, shopping, medical and employment centers, commercial services in other business centers or other areas of study)		
19) (Section 4.4)	Info on Nuisances (e.g., street status, crime rates) included? (Issues affecting the perceived quality of the neighborhood)		
E. Narrative Describing Selection of Comparables			
20) (Section 4.10)	Did the Appraiser provide a detailed explanation on the process utilized to select the Comparables?		
21) (Section 4.10)	Did the Appraiser select the appropriate comparables for each unit type that met the selection criteria?		
22) (Section 4.10)	If the selected comparables did not meet all of the selection criteria for each unit type, does the Appraiser provide adequate explanation and justification?		
23) (Section 4.10)	If the Appraiser chose less than 5 comparables, does the Appraiser provide adequate explanation?		
24) (Section 4.10)	Does the subject property have any unrecorded units?		
25) (Section 4.10)	If there are unrecorded units in the subject property that were not used as comparables, did the Appraiser adequately explain why they were not used?		
F. Locator Map for Subject and Comparables			
26) (Section 4.10)	Locator map identifies subject property and each comparable?		
27) (Section 4.10)	Locator map clearly marks major roadways and cultural or recreational features (e.g., rivers, highways, railroads, etc.)?		
G. Comparable Property Profiles			
28) (Section 4.10)	Appraiser provides "Trinity names" and "nickname" and contact name and phone number?		
29) (Section 4.10)	Does the Appraiser provide a photo of the property's exterior, at a minimum? (Exterior photos may be included if available)		
30) (Section 4.10)	Does the Appraiser use a written form for rent and unit mix data for the comparables?		
31) (Section 4.10)	Appraiser included all units in the project and grouped them by major unit type in a 4-bedroom 4-bath, and included which unit types are used as comparables in the RPS as Appendix B.10.		
32) (Section 4.10)	Does the Appraiser adequately describe any rent restrictions or subsidies in the comparable unit types, if applicable?		
33) (Section 4.10)	Does the Appraiser adequately explain the reason for including certain unit types?		

Selection of Comps

- **Detailed explanation of the process**
- **Appropriate comparables for each unit**
- **If no then is adequate explanation provided**
- **If less than five then is justification provided**
- **Does subject have unassisted units**
- **If so, then justify why not used**

Locator Map

- **Identify subject and comps**
- **Roads, barriers, rivers, railroads**

Comps

- **Names addresses and contact information**
- **Photos of exterior**
- **Uniform format for rent and unit mix table**
- **Description of rent restrictions or subsidies**
- **Explanation of exclusions of unit types**

Rent Grid Analysis

- **Rent Grid Analysis for Each Rent Grid in the RCS**

Analysis of Adjustments

- **Do the entries match the rent grid?**
- **Do the entries for comps match the Comparables Property Profiles?**
- **Are the adjustments uniform?**
- **If not are the differences explained?**
- **If appraiser adjusted market rent of primary unit type to arrive at secondary unit type is the explanation reasonable?**

Concluded Rent Analysis

- **Is the estimated market rent within the adjusted rents?**
- **Did appraiser use appropriate methodology?**
- **Comment on methodology**

Final Assessment

- Is rationale for comp selection, adjustments and final market rent well supported and reasonable?
- Provide commentary

PART II: SUBSTANTIVE REVIEW

Rent Grid Analysis
(NOTE: Reviewer should provide a Rent Grid Analysis Sheet for each Rent Grid in the RCS)

Property Name:	XXXXXXXXXXXXXX	
Rent Grid Analysis for Unit Type:	X Bedroom and X Bathroom	

H. ANALYSIS ON ADJUSTMENTS	Yes, No, NA	Reviewer Notes (Must include an explanation for all "No" items)
32 Do the entries in the subject's characteristics match information on the Rent Grid?		
33 Do the entries for the comparables match the information in the Comparables Property Profile?		
34 Are the impact of adjustments uniform across the various comparables, if not is it adequately explained?		
35 Were there any discrepancies within the Narrative of Adjustments and the actual adjustment on the Rent Grid?		
36 If the Appraiser adjusted the market rent of a primary unit type to arrive at a secondary unit type, is the explanation reasonable?		

I. CONCLUDED RENT ANALYSIS		
37 Is the Estimated Market Rent (line 40) within the range of Adjusted Rents (line 44)?		
38 Did the Appraiser use an appropriate methodology for deriving concluded rent per Section 9-13. Please comment on the methodology used.		

FINAL ASSESSMENT		
39 Does the Reviewer conclude that the Appraiser's rationale for comparables selection, adjustments, and final market rent determination was well supported and reasonable? You must provide a detailed commentary for your response.		

5

Part II (b) “Follow Up”

- To be sent to the PBCA
- PBCA contacts Appraiser
- Informal communication between reviewer and appraiser encouraged.

PART II b - FOLLOW UP / ISSUES MEMO FROM SUBSTANTIVE REVIEW

To: PBCA Point of Contact
From: Review Appraiser
CC:

Name of Subject Property: _____ Section 8 Contract Number: _____

I have performed a substantive review of the Rent Comparability Study (RCS) of the aforementioned property. Based on my review, I have identified a few issues that need to be addressed. These are summarized below:

[INSERT ISSUES]

- XXX
- XXX
- XXX

I am requesting for the RCS Appraiser to provide additional information or explanations on the items noted above within 10 calendar days as per HUD guidelines.

Please do not hesitate to call me if you have questions concerning my findings.

Substantive Review Appraiser

State Certification Number

Certification of Substantive Reviewer

- Reviewer completes and signs the top portion
- Portion in gray completed by the PBCA
- Document is included in the project file.

PART III - CERTIFICATION OF SUBSTANTIVE REVIEWER		
Name of Subject Property:	Section 8 Contract Number:	RCS Prepared by:
<p>This is to confirm that I have performed a detailed substantive review of the aforementioned Rent Comparability Study (RCS). Based on my review, I AGREE/DISAGREE that the suggested market rents in the RCS are supportable and within an acceptable range. Submitted herein is the detailed compliance review and rent grid(s) analysis for the aforementioned RCS.</p>		
<p>I certify that, to the best of my knowledge and belief:</p> <ol style="list-style-type: none">1) The facts and data reported by the reviewer and used in the review process are true and correct.2) The analyses, opinions and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.3) I have no present or prospective interest in the subject property, and no personal interest with respect to the parties involved.4) I have no bias with respect to the subject property or to the parties involved with this assignment.5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.6) My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review, or from its use.7) My analyses, opinions and conclusions were developed, and this review report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. <p>8) <input type="checkbox"/> did / <input type="checkbox"/> did not personally inspect the subject property. Further, I <input type="checkbox"/> did / <input type="checkbox"/> did not inspect any of the comparables. Comparables inspected include: _____</p> <p>9) No one provided me with significant professional assistance.</p>		
Substantive Review Appraiser	State Certification Number	Date of Review
<p>PBCA/TCA Internal Use Only:</p> <p>RCS Approved by Name (Print): _____ Signature _____ Date _____</p>		